District 95 - Predatory Lending Testimony

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Subject: Predatory Lending Testimony

Greetings Rep. Coulouris:

I had hoped to give this testimony in person before your committee on Tuesday, 10/16/07. However, my present audit assignment in Port Huron and St. Clair will not permit me to do so. As Reps. Brown, Byrum, & Bauer can attest, I am kept rather busy by the fact that there is only one auditor statewide for the Liquor Control Commission - ME! As an alternative, I offer my written testimony, for your committee's consideration and review. I wish to have it read into the record as follows:

Michigan MUST go farther in protecting its people from such predatory lending thugs like Homecomings Financial, and their parent, GMAC Mortgage. My family fought hard against their unethical, immoral (yet somehow barely legal) tactics, which finally resulted in the loss of the only home our two youngest children had ever known. In addition, my wife and I have separated, due in large part to this strain of this fight.

We readily concede that we made financial mistakes in this matter. However, it is apparently legal, under Michigan law, for a mortgage lender to refuse not one, BUT TWO MORTGAGE PAYMENTS IN ONE CALENDAR YEAR ALONE (2006), and to mislead us into leaving Chapter 13 protection, on the premise that they would work with us into bringing our mortgage to current status. Assistant AG Tracy Sonneborn did everything he could to assist us in our fight, for which we shall always be grateful. I have also spoken with investigative supervisor Ron Issac, of the Federal Trade Commission, who has informed me that this is an ongoing investigation at the federal level. I would like to see, for all the hell that my family has been put through, some combination of justice and revenge against Homecomings and/or GMAC.

In addition, I offer the following timeline, to further document the difficulties visited upon my family during our struggle with Homecomings and GMAC Mortgage:

February 2004: Approached Homecomings Financial about resolving our past-due mortgage situation. At this point, Trott & Trott of Farmington Hills, MI had already notified us that we had been placed in foreclosure. Repeated attempts to contact Trott & Trott were unsuccessful. Therefore, we attempted to contact Homecomings, but were unsuccessful with them as well. Notified our attorney at this time, Karl Bohnhoff, of the situation. Mr. Bohnhoff attempted to contact Homecomings numerous times via telephone, fax, and e-mails. Mr. Bohnhoff was quite frustrated by the lack of response by Homecomings to his contacts. Homecomings finally contacted Mr. Bohnhoff, but gave him reinstatement figures, which varied about $3000 from the figures he had.

March 2004: Finally sent a workout package by Ben Bowden, Homecomings account manager, who was apparently based in Detroit. In an apparently folksy manner, Mr. Bowden assured us that he would help us get a workout plan arranged with Homecomings. Sent workout package to his attention, stating that we felt we could make a down payment of $7000 on the plan.

April 2004: Further review of our financial situation indicated to us that we could only make a $2500 down payment on the workout plan. In addition, we did not feel that Homecomings made any attempt to reduce any fees, penalties or interest. We attempted to contact Mr. Bowden to request an amended plan several times until 4/14/04, without success. Mr. Bohnhoff's office did the same. On 4/14/04, we filed for Chapter 13 protection in Grand Rapids, rather than lose our home. About 45 minutes after we filed, Mr. Bowden reached Mr. Bohnhoff's office. Mr. Bohnhoff's secretary Judy informed Mr. Bowden that we had filed. Mr. Bowden was apparently disgusted.

May 2004 – December 2004: Made Chapter 13 payment plans for several months. However, since our vehicles had over 180,000 miles each, they needed more frequent and costly repairs. In addition, oldest son Joe needed monthly funds per our agreement with the student exchange company to finish his junior high school year in France. We attempted to address this situation by taking out cash advances. However, the advances made a tough situation even worse. It became increasingly aware that we would need to change our situation to improve it.

January 2005: Sent lengthy letter to Homecomings, questioning lack of action, removal of fees, lack of assistance from Mr. Ben Bowden. Pointed out we approached Homecomings on our own, to reinstate our loan and purchase more reliable transportation. Led by then-account manager Bonnie Fullen that Homecomings would work with us to reinstate our mortgage, if we get our Chapter 13 plan dismissed. Initiated complaint with Michigan Dept. of Attorney General, Consumer Protection Division.

February 2005: We instructed our then-attorney, Karl Bohnhoff, to have our Chapter 13 plan dismissed, which occurred on 2/8/05. Homecomings sent us a workout package to complete (schedule of present income and expenses, steps we have taken to improve finances, etc.) As parts are completed, we faxed them to Ms. Fullen's attention at Homecomings. (NOTE: We have time-stamped, phone number-stamped, and date-stamped pages which documented that we indeed sent the required documents to Homecomings in a timely manner. This would refute Homecomings' outright lies that they never received our documents.)

March 2005-April 22, 2005: Followed up faxed workout package with numerous phone calls and e-mails to Homecomings, asking for progress report on workout agreement. No response from Homecomings.

April 22, 2005: First response from Homecomings to our workout package was a foreclosure notice from collection attorneys Trott & Trott. Notified that we had until 6/22/05 to bring our account current, or home would be sold under foreclosure. Given Trott & Trott's history of absolute failure to return phone calls, dealing with Homecomings seemed to be our only avenue.

May 2005: Met family friend for lunch in Lansing area, and mentioned our problem with Homecomings. Family friend volunteers to advance necessary funds to help bring our account current. However, funds will not be available for several weeks.

June 21, 2005: Funds became available from family friend, wired to Homecomings, account now apparently current.

August 2005: Called Homecomings to notify that our payment would be a few days late. Notified at this point that we still needed to make up a $7000 shortfall in our escrow account. Therefore, our "new" monthly payment was actually $2112, not $1768, as we had been led to believe. Moreover, we were not provided a straight answer as to the discrepancy, despite numerous phone calls and e-mails to Homecomings. Payments for next several months are marked by Homecomings as late and insufficient for this reason.

December 2005: Faxed completed workout package to Homecomings on 12/16/05. Reached account manager Ryan Ramos of Homecomings during follow-up phone call. Mr. Ramos claimed that Homecomings did not receive our package. Sent duplicate package to Homecomings via Express Mail, to provide two sources of proof of submission.

February 2006: Homecomings sent us a letter, rejecting our payment submitted for that month, and claiming to include the two checks we sent in for payment. To this day, WE HAVE NEVER RECEIVED THESE CHECKS. In addition, we were notified that we were being placed into foreclosure. Instructed to contact account manager Greg Heiler to make workout package arrangements. We placed approximately two weeks of unanswered phone calls to Mr. Heiler. Mr. Heiler finally contacted us to make arrangements. Workout package faxed to our attention, but did not include the payment we had made in January 2006. Under duress, we signed and faxed the agreement back to Mr. Heiler.

March 2006-May 2006: Make scheduled payments under agreement in effect at that time.

June 2006: Payment would have to be late, due to several factors (oldest son's work related injury, repairs on second car, etc.). Contacted Homecomings to advise them of the situation, and that the payment would ultimately be made that month. On 6/22/05, account manager stated that morning that since we had not made the payment as agreed, they were canceling the agreement, and placing us into foreclosure. Later that same afternoon, same account manager left a voice mail, stating that since we were working under a workout arrangement, we would not be placed into foreclosure. After several days of confusion (another workout agreement to fill out, etc.), we sent the balance of $1260 via Western Union for the month. (We had previously sent the other $810 balance due via Western Union.)

July 2006: Both Western Union payments were returned to us, but in separate envelopes. We were also advised that we were again under foreclosure proceedings, and that we would have to contact Homecomings' attorney, Graham Babin, so that he could manually process a workout arrangement into their system. We placed about three weeks of unanswered phone calls this time, before Mr. Babin issues a take-it-or-leave-it offer of $3000 down, and $2000-plus monthly payments. Second time in 2006 that Homecomings had unilaterally voided the agreement.

August 2006: Begin periodic visits with local psychiatrist, to deal with emotional and mental issues arising from the Homecomings situation. We found out that all but $3000 of the $34,800 payment sent in June 2005 credited toward fees and prepaid interest.

January 2006–December 2006: With help from the Michigan Dept. of Attorney General (and in particular, assistant AG Tracy Sonneborn – phone 517-241-4069), numerous complaint letters are filed with Homecomings, requesting reductions in fees, penalties, and interest. All letters are answered by Homecomings in a "we did nothing wrong" style by "executive correspondent" Richard H. Cook. Mr. Sonneborn and our family become increasingly frustrated, although Homecomings does grant several extensions to the foreclosure, which supposedly end in January 2007. However, each complaint letter takes at least a month before Homecomings submits a "we did nothing wrong" response, and grants a further extension.

November 2006: Somerset Mortgage approaches us through an inquiry with Lending Tree. Loan officer Joe DiPasquale (Phone 631-370-2857) states that Somerset will refinance us away from Homecomings (and second mortgagor Di-Tech) if payoff figures are low enough.

December 2006: In three-way conference call (so that I can give Homecomings and Somerset permission to discuss our mortgage with each other), Homecomings' account manager Millicent is unable to give Ms. John of Somerset a consistent payoff figure, and seemingly becomes belligerent while attempting to do so. Ms. John assures me that Somerset will continue to try to get a firm payoff figure from Homecomings.

January 2007: Homecomings provides a payoff figure of over $167,000, which is more than $15,000 above any previous figure given to Somerset by Homecomings. Mr. DiPasquale tells me that if they can't get the figure under $153,000, they won't be able to refinance as they had hoped. I tell Mr. DiPasquale to keep working on the refinance. He assures me he will do so. I also attempt, on the advice of Mr. Sonneborn, to contact Mr. Cook at Homecomings with a more conciliatory, friendly-toned letter, to see if Homecomings will reduce their payoff figure enough to make the refinancing work. (Mortgage was apparently sold during this month to a National Residential Mortgage Association, *but we never received any notification of same.*)

February 2007: Receive letter from Homecomings, stating our loan was being transferred to GMAC Mortgage. Homecomings stated the amount owing in the letter as less than $150,000, AND MADE NO MENTION OF ANY ADDITIONAL FEES OR INTEREST OWING. The transfer is to take place 3/1/07, which gives us immediate hope for the refinancing. House appraisal comes in at $235,000 for the refinancing.

March 2007: Our family's hopes are dashed when GMAC sends us an introductory letter, stating our loan balance is about $178.000. Mr. DiPasquale cannot get us refinanced solely from Homecomings, since that would apparently place Di-Tech in the primary mortgagor position. Mr. DiPasquale will keep working on trying to accomplish the refinancing.

April 2007: Contacted several U.S. Senators (Stabenow, Levin, Clinton & Dodd), asking for assistance in dealing with Homecomings & GMAC. (We understood that Clinton & Dodd were considering hearings concerning the sub prime mortgage crisis, and the record number of impending foreclosures. We were notified that homeowners insurance was to be cancelled by 5/9/07, if we did not make appropriate arrangements. (This was previously paid as part of our escrow account.) During phone conversation with agent, he correctly guesses our primary mortgagor, and recommends a local attorney to meet for assistance. The attorney handles matters for Di-Tech, so he had a direct conflict of interest. However, refers us to local attorney Kristina Lyke. I meet with Ms. Lyke on 4/28/07 for an initial consultation. Ms. Lyke recommends that I put together a timeline of our difficulties, so that she can contact GMAC & Homecomings as soon as possible.

May –June 2007: Repeated contacts by Ms. Lyke go unanswered by Homecomings and GMAC.

July 2007: Notified of eviction through Trot & Trott, filed answer within five days given. My wife and I separate over this matter, and my wife moves to a vacant home provided by the church for whom she works. I plan to move in with our eldest son on or shortly after 8/1/07.

August 2007: Planned move in with eldest son does not pan out. Find house to rent at 607 N. Foster Ave., where I presently reside.

I readily admit that we contributed significantly to our situation. However, due in apparently no small part to the weak lending laws in Michigan and the United States, Homecomings and GMAC can violate their own agreements with us by refusing not one, but TWO PAYMENTS DURING 2006 ALONE, without any sanctions. In addition, WE WERE DECEPTIVELY INDUCED TO EMERGE FROM CHAPTER 13 PROTECTION IN 2005, AGAIN WITHOUT ANY SANCTIONS TO HOMECOMINGS. It seems to me like basic contract law would indicate that Homecomings voided their contract with us, thereby illegally evicting us from the only home that our two youngest children have ever known.

However, in order to fight this action for whatever is left to salvage out of this situation, we apparently have two spend thousands, or tens of thousands of dollars, to fight for the justice that we deserve. As I have already mentioned, this situation may ultimately cost me my marriage, as well as our home, while these creeps skate away scot-free. I WILL SHED NO TEARS WHATSOEVER FOR CREEPY FIRMS LIKE THESE WHEN OR IF THEY FACE THEIR OWN FINANCIAL CRISIS. Had firms been Homecomings been willing to actually deal with their borrowers in good faith, our country would not have the lending and housing crisis it now has.

I would welcome the opportunity to speak with you, Sens. Barcia and Bishop, and any other legislators on these matters if the opportunity presents itself. In any case, thank you for your time, and please feel free to contact me anytime.

Sincerely,
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